



1995 SENATE BILL 611

March 7, 1996 - Introduced by Senators BURKE, ANDREA, BUETTNER and GROBSCHMIDT, cosponsored by Representatives BOCK, BALDWIN, BLACK, KAUFERT, MUSSER, NOTESTEIN, OLSEN, RILEY, SERATTI and SPRINGER. Referred to Committee on State Government Operations and Corrections.

1 **AN ACT to repeal** 71.07 (2de), 71.10 (4) (gt), 71.28 (1de), 71.30 (3) (eo), 71.47 (1de)
2 and 71.49 (1) (eo); **to amend** 71.05 (6) (a) 15., 71.08 (1) (intro.), 71.21 (4), 71.26
3 (2) (a), 71.34 (1) (g), 73.03 (35), 77.92 (4) and 560.70 (7); and **to create** 71.07 (2e),
4 71.10 (4) (gb), 71.28 (1e), 71.30 (3) (ea), 71.47 (1e) and 71.49 (1) (ea) of the
5 statutes; **relating to:** the income tax credit and franchise tax credit for
6 environmental remediation expenses.

Analysis by the Legislative Reference Bureau

Under current law, businesses in certain kinds of development zones may claim an income tax credit or franchise tax credit for expenses for environmental remediation that the department of natural resources approves. This bill extends that credit to individuals, corporations and insurers, regardless of their location, who have not caused or exacerbated the environmental problem.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

7 **SECTION 1.** 71.05 (6) (a) 15. of the statutes, as affected by 1995 Wisconsin Act
8 27, is amended to read:
9 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
10 (2di), (2dj), (2dL) and (2ds) and not passed through by a partnership, limited liability

1 company or tax-option corporation that has added that amount to the partnership's,
2 company's or tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

3 **SECTION 2.** 71.07 (2de) of the statutes, as created by 1995 Wisconsin Act 27, is
4 repealed.

5 **SECTION 3.** 71.07 (2e) of the statutes is created to read:

6 71.07 (2e) ENVIRONMENTAL REMEDIATION CREDIT. (a) Any person may claim as
7 a credit against taxes otherwise due under this subchapter an amount equal to 7.5%
8 of the amount that the person expends to remove or contain environmental pollution,
9 as defined in s. 144.01 (3), or to restore soil or groundwater that is affected by such
10 pollution, if the person has not caused or exacerbated the pollution and if the
11 department of natural resources approves the remediation.

12 (b) Section 71.28 (4) (e) to (i), as it applies to the credit under s. 71.28 (4), applies
13 to the credit under this subsection.

14 **SECTION 4.** 71.08 (1) (intro.) of the statutes, as affected by 1995 Wisconsin Act
15 27, is amended to read:

16 71.08 (1) IMPOSITION. (intro.) If the tax imposed on a natural person, married
17 couple filing jointly, trust or estate under s. 71.02, not considering the credits under
18 ss. 71.07 (1), (2dd), ~~(2de)~~, (2di), (2dj), (2dL), (2ds), (2fd), (3m), (6) and (9e), 71.28 (1dd),
19 ~~(1de)~~, (1di), (1dj), (1dL), (1ds), (1fd) and (2m) and 71.47 (1dd), ~~(1de)~~, (1di), (1dj), (1dL),
20 (1ds), (1fd) and (2m) and subchs. VIII and IX and payments to other states under s.
21 71.07 (7), is less than the tax under this section, there is imposed on that natural
22 person, married couple filing jointly, trust or estate, instead of the tax under s. 71.02,
23 an alternative minimum tax computed as follows:

24 **SECTION 5.** 71.10 (4) (gb) of the statutes is created to read:

25 71.10 (4) (gb) Environmental remediation credit under s. 71.07 (2e).

1 **SECTION 6.** 71.10 (4) (gt) of the statutes, as created by 1995 Wisconsin Act 27,
2 is repealed.

3 **SECTION 7.** 71.21 (4) of the statutes, as affected by 1995 Wisconsin Act 27, is
4 amended to read:

5 71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), ~~(2de)~~, (2di),
6 (2dj), (2dL) and (2ds) and passed through to partners or members shall be added to
7 the partnership's or limited liability company's income.

8 **SECTION 8.** 71.26 (2) (a) of the statutes, as affected by 1995 Wisconsin Act 27,
9 is amended to read:

10 71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means
11 the gross income as computed under the internal revenue code as modified under
12 sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit
13 computed under s. 71.28 (1) and (3) to (5) plus the amount of the credit computed
14 under s. 71.28 (1dd), ~~(1de)~~, (1di), (1dj), (1dL) and (1ds) and not passed through by a
15 partnership, limited liability company or tax-option corporation that has added that
16 amount to the partnership's, limited liability company's or tax-option corporation's
17 income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from the sale or
18 other disposition of assets the gain from which would be wholly exempt income, as
19 defined in sub. (3) (L), if the assets were sold or otherwise disposed of at a gain and
20 minus deductions, as computed under the internal revenue code as modified under
21 sub. (3), plus or minus, as appropriate, an amount equal to the difference between
22 the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned or
23 otherwise disposed of in a taxable transaction during the taxable year, except as
24 provided in par. (b) and s. 71.45 (2) and (5).

1 **SECTION 9.** 71.28 (1de) of the statutes, as created by 1995 Wisconsin Act 27, is
2 repealed.

3 **SECTION 10.** 71.28 (1e) of the statutes is created to read:

4 71.28 **(1e)** ENVIRONMENTAL REMEDIATION CREDIT. (a) Any person may claim as
5 a credit against taxes otherwise due under this subchapter an amount equal to 7.5%
6 of the amount that the person expends to remove or contain environmental pollution,
7 as defined in s. 144.01 (3), or to restore soil or groundwater that is affected by such
8 pollution, if the person has not caused or exacerbated the pollution and if the
9 department of natural resources approves the remediation.

10 (b) Section 71.28 (4) (e) to (i), as it applies to the credit under s. 71.28 (4), applies
11 to the credit under this subsection.

12 **SECTION 11.** 71.30 (3) (ea) of the statutes is created to read:

13 71.30 **(3)** (ea) Environmental remediation credit under s. 71.28 (1e).

14 **SECTION 12.** 71.30 (3) (eo) of the statutes, as created by 1995 Wisconsin Act 27,
15 is repealed.

16 **SECTION 13.** 71.34 (1) (g) of the statutes, as affected by 1995 Wisconsin Act 27,
17 is amended to read:

18 71.34 **(1)** (g) An addition shall be made for credits computed by a tax-option
19 corporation under s. 71.28 (1dd), ~~(1de)~~, (1di), (1dj), (1dL) and (1ds) and passed
20 through to shareholders.

21 **SECTION 14.** 71.47 (1de) of the statutes, as created by 1995 Wisconsin Act 27,
22 is repealed.

23 **SECTION 15.** 71.47 (1e) of the statutes is created to read:

24 71.47 **(1e)** ENVIRONMENTAL REMEDIATION CREDIT. (a) Any person may claim as
25 a credit against taxes otherwise due under this subchapter an amount equal to 7.5%

1 of the amount that the person expends to remove or contain environmental pollution,
2 as defined in s. 144.01 (3), or to restore soil or groundwater that is affected by such
3 pollution, if the person has not caused or exacerbated the pollution and if the
4 department of natural resources approves the remediation.

5 (b) Section 71.28 (4) (e) to (i), as it applies to the credit under s. 71.28 (4), applies
6 to the credit under this subsection.

7 **SECTION 16.** 71.49 (1) (ea) of the statutes is created to read:

8 71.49 (1) (ea) Environmental remediation credit under s. 71.47 (1e).

9 **SECTION 17.** 71.49 (1) (eo) of the statutes, as created by 1995 Wisconsin Act 27,
10 is repealed.

11 **SECTION 18.** 73.03 (35) of the statutes, as affected by 1995 Wisconsin Act 27,
12 is amended to read:

13 73.03 (35) To deny a portion of a credit claimed under s. 71.07 (2dd), ~~(2de)~~, (2di),
14 (2dj), (2dL) or (2ds), 71.28 (1dd), ~~(1de)~~, (1di), (1dj), (1dL), (1ds) or (4) (am) or 71.47
15 (1dd), ~~(1de)~~, (1di), (1dj), (1dL), (1ds) or (4) (am) if granting the full amount claimed
16 would violate the requirement under s. 560.75 (9) or 560.797 (4) (e) or would bring
17 the total of the credits granted to that claimant under s. 560.75 (9) or 560.797 (4) (e),
18 or the total of the credits granted to that claimant under all of those subsections, over
19 the limit for that claimant under s. 560.768, 560.795 (2) (b) or 560.797 (5) (b).

20 **SECTION 19.** 77.92 (4) of the statutes, as affected by 1995 Wisconsin Act 27, is
21 amended to read:

22 77.92 (4) "Net business income", with respect to a partnership or limited
23 liability company, means taxable income as calculated under section 703 of the
24 internal revenue code; plus the items of income and gain under section 702 of the
25 internal revenue code; minus the items of loss and deduction under section 702 of the

1 internal revenue code; plus payments treated as not made to partners under section
2 707 (a) of the internal revenue code; plus the credits claimed under s. 71.07 (2dd),
3 ~~(2de)~~, (2di), (2dj), (2dL) and (2ds); but excluding income, gain, loss and deductions
4 from farming. "Net business income", with respect to a natural person, estate or
5 trust, means profit from a trade or business for federal income tax purposes and
6 includes net income derived as an employe as defined in section 3121 (d) (3) of the
7 internal revenue code.

8 **SECTION 20.** 560.70 (7) of the statutes, as affected by 1995 Wisconsin Act 27,
9 is amended to read:

10 560.70 (7) "Tax benefits" means the development zones day care credit under
11 ss. 71.07 (2dd), 71.28 (1dd) and 71.47 (1dd), ~~the development zones environmental~~
12 ~~remediation credit under ss. 71.07 (2de), 71.28 (1de) and 71.47 (1de)~~, the
13 development zones investment credit under ss. 71.07 (2di), 71.28 (1di) and 71.47
14 (1di), the development zones jobs credit under ss. 71.07 (2dj), 71.28 (1dj) and 71.47
15 (1dj), the development zones location credit under ss. 71.07 (2dL), 71.28 (1dL) and
16 71.47 (1dL), the development zones sales tax credit under ss. 71.07 (2ds), 71.28 (1ds)
17 and 71.47 (1ds) and the additional 5% credit under ss. 71.28 (4) and 71.47 (4).

18 (END)